

Message Text

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ORIGIN L-03

INFO OCT-01 ARA-06 ISO-00 COME-00 EB-08 H-01 PRS-01
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-----010804 079012 /17
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FM SECSTATE WASHDC
TO AMEMBASSY CARACAS

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E.O. 11652: N/A

TAGS: BENC, VE

SUBJECT: MAJOR PROJECTS: BECHTEL PROBLEM IN VENEZUELA

REF: CARACAS 1391

1. DEPT. CONCURS WITH EMBASSY VIEW THAT USG CANNOT FORMALLY
ENDORSE ANY COMPANY OR VOUCH FOR THE QUALITY OF ITS WORK OR
ITS PROFESSIONAL REPUTATION TO THE GOV. BUT WE ARE NOT
PRECLUDED FROM CLARIFYING MATTERS AIRED PUBLICLY WHICH
CONCERN A U.S. COMPANY. ON THE CONTRARY, WE FEEL IT IS
IMPORTANT WHEN QUERIED BY A FOREIGN GOVERNMENT ABOUT
ALLEGATIONS RAISED IN THE PRESS TO ASSURE THAT IT OBTAIN
THE PRECISE FACTS AVAILABLE. WE SEEK FAIR TREATMENT FOR
U.S. COMPANIES, AND FAILURE TO BE RESPONSIVE TO REQUESTS
RISKS DECISIONS BASED SOLELY ON NEWS MEDIA REPORTING.
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FOLLOWING IS PROVIDED FOR EMBASSY'S USE AS IT DEEMS MOST
APPROPRIATE TO ANSWER GOV INQUIRY.

2. REGARDING THE "DENUNCIATION BY UNKNOWN SOURCES" OF
BECHTEL, DEPT. HAS CONTACTED STAFF COUNSEL OF HOUSE
COMMERCE SUBCOMMITTEE ON ENERGY AND POWER, WHOSE HEARINGS
PROVIDED BASIS FOR WASHINGTON POST ARTICLE CITED BY

LYON. (COPY BEING POUCHED.) SUBCOMMITTEE IS CHARGED WITH INVESTIGATING PIPELINE SAFETY ON ALL FEDERAL PROJECTS,

AND BECAME PARTICULARLY CONCERNED WHEN IT LEARNED THAT A NUMBER OF WELD SAFETY X-RAYS HAD BEEN FALSIFIED DURING CONSTRUCTION OF THE ALASKA PIPELINE. AS BECHTEL IS RESPONSIBLE FOR QUALITY CONTROL ON THE ALASKA PROJECT, ITS ACTIVITIES IN ALASKA WERE OF OBVIOUS INTEREST TO THE SUBCOMMITTEE; BUT THE CORPORATION ITSELF WAS NEVER

THE OBJECT OF THE INVESTIGATION. WHEN QUESTIONED BY THE SUBCOMMITTEE, A RADIOGRAPHER (NOT THREE AS THE ARTICLE SUGGESTS) TESTIFIED THAT A BECHTEL EMPLOYEE HAD INSTRUCTED HIM TO FALSIFY THE NECESSARY PHOTOGRAPHS WHEN IT WAS DISCOVERED THAT THEY WERE SOME 200 SHORT (OF A TOTAL OF 30,800 WELDS EXAMINED). THE RADIOGRAPHER WAS AN EMPLOYEE OF 1 OF 3 RADIOGRAPHY FIRMS HIRED BY ALYESKA. HE REFUSED TO BE IDENTIFIED PUBLICLY AS HE SAID HE WAS AFRAID HE WOULD BE FIRED, AND THE BECHTEL EMPLOYEE DENIED THE CHARGES. THE "BECHTEL EMPLOYEE" IN QUESTION WAS ONE OF 20,000 WHICH BECHTEL HIRED TO WORK ON THE PIPELINE. HE IS NOW EMPLOYED BY ONE OF THE OTHER COMPANIES INVOLVED IN CONSTRUCTION OF THE PIPELINE.

3. THE RADIOGRAPHER COULD ONLY HAVE BEEN FIRED BY ALYESKA, BUT BECHTEL COULD HAVE CAUSED HIS DISCHARGE BY REJECTING HIS WORK AS SUBSTANDARD. THUS, WHILE THERE WAS NO DIRECT LINK BETWEEN BECHTEL AND THE RADIOGRAPHER, THE BECHTEL EMPLOYEE APPARENTLY DID HAVE SOME AUTHORITY OVER HIM.
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THE SUBCOMMITTEE TRIED TO SORT OUT THE ALLEGATIONS AND ESTABLISH THE FACTS, BUT IT COULD REACH NO CONCLUSION. STAFF COUNSEL COMMENTED THAT IT CAME DOWN TO THE WORD OF 1 MAN AGAINST THAT OF ANOTHER AND THERE WAS NO APPARENT POSSIBILITY OF RESOLVING THE ISSUE.

4. THE SUBCOMMITTEE HAS NOW COMPLETED ITS INVESTIGATION OF PIPELINE WELD DEFECTS AND ALYESKA IS IN THE PROCESS OF CORRECTING THE PROBLEMS AIDED IN THE DECEMBER HEARINGS. THE SUBCOMMITTEE ANTICIPATES NO FURTHER DIFFICULTIES IN THIS AREA. IT IS NOW PLANNING HEARINGS ON THE DISPOSITION OF ALASKAN CRUDE AND THE ENVIRONMENTAL IMPACT OF THE PIPELINE AND DOES NOT FORESEE THE NEED FOR ANY FURTHER TESTIMONY BY BECHTEL.
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Control Number: n/a
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Sent Date: 28-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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Legacy Key: link1977/newtext/t1977022/aaaaabme.tel
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